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EASTERN EUROPEAN INTELLIGENCER OCI #0677/68  
4 January 1968

Eastern European Response to Balance of Payments Program

East European reaction to President Johnson's program for improving the US balance of payments has been sparse and relatively straightforward. The 3 January Warsaw daily Trybuna Ludu blamed the stringent measures on the cost of the war in Vietnam. The paper's Washington correspondent pointed out that the spending cut-back would save \$3-4 billion yearly while the war in Vietnam costs about \$2.5 billion monthly.

A top Yugoslav economist who was briefed by the US Embassy in Belgrade was sympathetic and thought that maintenance of the present dollar exchange rate was important to all countries. He anticipated, however, that Yugoslavia would be adversely affected because the measure would reduce US tourism. One Belgrade paper predicted that differences between the US and its partners in Western Europe were bound to result from the cut-back.

In Hungary, the director of the National Bank expressed his personal view that the measures would not succeed. However, he suggested to US Embassy personnel in Budapest that Washington dispatch a qualified treasury official to Budapest to explain further details of the program. The East Germans assumed an "I-told-you-so" attitude, pointing out that Vietnam was the cause of US financial troubles.

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Special Soviet Delegation Visits West Germany

West German Foreign Minister Brandt talked last month with a Soviet delegation described as "four visiting journalists" who are probably the "four special representatives of Premier Aleksei Kosygin" mentioned in a 20 December article by New York Times correspondent David Binder. According to Binder, the journalists were in West Germany on a fact-finding tour for Kosygin.

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According to a 2 January DPA Hamburg article concerning the conversation Brandt, reportedly discussed Bonn's Eastern policy and also said his government would like to draw up a list of questions on which there are "no differences of opinion between the two countries." Furthermore, the Bonn Foreign Minister expressed the wish that "the dialogue which is beginning between the two governments should not be disturbed by polemical arguments" such as the Soviet note of 8 December.

Brandt said his government does not want to isolate the GDR through its Eastern policy and also that efforts to improve relations with East European countries "are not subordinated to the efforts to achieve a detente with Moscow but are regarded as equally important." Brandt maintained that there "is no intention of keeping East Berlin outside these efforts for a detente."

COMMENT: The Soviet delegation included M. R. Sagatelian, described as a journalist, V. Sirokomskiy, first deputy editor of the Literary Gazette, a professor Melnikov (probably Melnikov-Melamed a historian and journalist) and an unidentified representative of the Institute for World Economy and International Relations of the Soviet Academy of Sciences. The delegation reportedly arrived in West Germany on 4 December and was scheduled to spend a month touring the country.

### Tito Calls for Cleansing of Yugoslav Party

During a 29 December TV interview, Yugoslav President Tito insisted that "it is necessary to clean the party," and denounced those who were hampering the economic and social reform. Tito also insisted on more party unity of action -- although acknowledging that unity of thought was "a little outdated" -- and called on unworthy party members to turn in their party cards. The Yugoslav leader emphasized that this must be done before the ninth party congress in December 1968.

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COMMENT: Tito's call for a quiet purge reflects the strategy of the party liberals who wish to root out the widespread remnants of the political machine of ousted party secretary Aleksandar Rankovic. The liberals hope to use a reorganization of the basic party units to remove anti-reform elements. The new lower bodies would in turn elect delegates to this year's republic party congresses. By pyramiding their efforts, the liberals hope to change the composition of the Yugoslav party central committee, which was left almost untouched in the wake of Rankovic's fall in mid-1966.

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#### Tough Anti-Absenteeism Bill Tabled in Poland

A bill tabled on 2 January contains tough new provisions against "abuses" of doctors' certificates excusing workers from work, and tightens the responsibility of managers, trade unions, and "social organizations" for labor discipline. The bill significantly extends the current range of fines for unjustified absenteeism, calls for possible withholding of sick benefits payments, and provides for the docking of up to three days wages if the absence was caused by drunkenness.

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COMMENT: This may well be the first in a series of tough new measures to reinstill labor discipline, one of the major economic issues now facing the regime. Coming on the heels of the meat price rise of last November, the new measures could result in additional worker disgruntlement, which has so far been contained by the regime.

#### New Prison Regulations Limit Csala's Outside Contacts

US citizen Andrew Csala, imprisoned in Hungary on espionage charges, reported during a December consular visit that new prison regulations which went into effect last October have increased the restrictions on his contacts with the outside world. Under the new regulations, Csala falls into a category which allows him to receive only one letter every three months, one visitor every six months and one package a year. The new regulations apparently have not effected consular visits or delivery of Embassy parcels.

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Rudolf Barak is Alive and Well in Prague

The Czechoslovaks have formally denied that Rudolf Barak, former Minister of Interior, has died in Prague. Frankfurter Allgemeine Zeitung had reported that Barak, who has been under arrest since 1961 and is an old foe of party boss Novotny, had planned to make a sensational comeback and challenge Novotny at a party plenum in December. Barak was allegedly taken from house arrest to a military hospital, where he was said to have died during a kidney operation--sometime between the 13th, when the party postponed its scheduled plenum, and the 19th, when the central committee finally convened.

Barak is probably still incarcerated in Prague. The West German press article was written by Andreas Razumovksy, a Frankfurter Allgemeine correspondent in Prague until his expulsion from the CSSR early in December for his reporting on the political turmoil, student unrest and cultural dissidence. Razumovksy's article is probably a product of bitterness over his expulsion. He was probably doubly disturbed over the fact that Prague almost immediately agreed to study a request by the West German paper to replace him. The Czechoslovaks have also recently granted accreditation to a Stern correspondent.

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